

CIA HISTORICAL REVIEW PROGRAM
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2003

LINCOLN
CONTACT REPORT

C/R No. 39

Date: 1 March 1954

Place: Safe House "A"

Persons Present: Bob FORD and [] []

Subject: Discussion of RUFUS [] March 54 Budget. *attached.*

Discussion:

1. After receiving detailed instructions from [] I returned to discuss with [] the seriousness which was involved in the successful coordination of the preparation of the comments on his budget.
2. I advised him, point by point, *attached.* of the items which were contained in a memorandum dated 1 March, prepared specifically for me by NUTTING, at the request of DUNBAR. [] in most of the points, was perfectly agreeable to the items which we requested that he make comment on to RUFUS.
3. Specifically, [] was agreeable to the fact that RUFUS should utilize the GROUP's secure channels of communication. [] was completely agreeable to the fact that propaganda budgets should be submitted after consultation with him, and after advice from the advisors of the GROUP in the field. [] was also agreeable to the fact that RUFUS should be advised that ANDRES should be taken into fuller confidence, and that in more cases he be guided by advice which ANDRES might be able to assist him with. Also [] was extremely agreeable to advising RUFUS that information be secured regarding the political set-up as it exists in Guatemala, particularly in view of the fact that he, [] is the one in charge of the political organization. [] was also agreeable to advising RUFUS that, in the future, any messages sent by him via ANDRES should be directed to [] and not to the GROUP. [] was also willing and quite agreeable to ask for a clarification on the tremendous increase of the RUFUS budget from \$65,000 to \$110,000. [] was also agreeable to checking the various military items which had been detailed by DON RICARDO. In particular he was agreeable to re-emphasizing his request of removing [] from the scene and substituting for him another equal individual which RUFUS had promised sometime ago. He was also willing to refresh RUFUS' mind regarding the Gentlemen's Agreement and to remind him that, although we had complied with everything on our side of the fence, he, RUFUS, certainly had not complied with all of the agreements which he had made in behalf of the JUNTA; that, therefore, it would be necessary to check very closely those items which they had advised they would do in return for the aid which they are receiving. In all of these items which constituted the backbone of the budget, [] was willing to indicate that RUFUS bring some sort of clarification to

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the requests which he had made.

4. [] was advised that JUAN JOSE would go to RUFUS in the very near future after RUFUS had received []'s letter. [] was quite happy about this and said that he believed that this would help clear the troubled waters. At a later date I advised him that possibly DON RICARDO would go to see RUFUS. [] was extremely happy regarding this new bit of information and said that this would undoubtedly have a great deal to do in cleaning up and clearing up pending matters which were not easily explainable in the budget outlined, which RUFUS had forwarded. In finishing the discussion, I again advised [] of the over-all importance of the project in which we were now launched in a common cause, and advised him of the large amounts of money and energy and man-hours which were being put into this on the GROUP's part, but which RUFUS saw little of and which he could not appreciate. According to instructions from DUNBAR, I again brought up to him, but this time in a more forceful manner, our need to have a virtual showdown with RUFUS regarding his good faith in carrying out promises which he had made at the Gentlemen's Agreement in []. I explained that this was all necessary because of the long-reaching effects which were caused, in part, by the matter of logistics alone, which I could easily explain, because a black flight into this country with a large amount of military equipment for the middle of May must be planned at this time now, and therefore we would have to have sure in our minds, as far as the GROUP was concerned, that RUFUS was willing to comply with certain regulations which the GROUP stipulated in return for this vast amount of expensive aid which he is to receive. [] replied to this that he would never countenance a fraudulent action on the part of RUFUS, or any other leader in this group, and that if he once discovered a fraudulent action, be it on RUFUS's part or any other leader's part, he would immediately denounce him and eliminate him from the organization. [] said there was no part in this organization or in his JUNTA for people who conducted their business with fraudulent intent. I did not press the matter further, and I indicated as in the past, that we had no indications that there was a personal dishonesty on RUFUS' part, but that it was merely a matter of our inability to understand what had become of certain funds in the past and what the purposes were for the unusually large funds requested for the future. I stated this was the reason that we wished to send both JUAN JOSE and RICARDO to WSHOFS. I stated that it was everybody's feeling that undoubtedly these facts would become clear, but that certain purposes and operations on RUFUS' part would have to be clarified and would have to be made clear to us, so that we could continue with confidence in the future.

5. [] advised that he was quite in agreement and that, in his letter to RUFUS he would bring forth many of these points which we were discussing. He stated that he would show me a copy of the letter before he mailed it to RUFUS.

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